

With reference to the permission which the Government of India have given to Mysore to purchase "Gold bullion in London from the Sterling credit available there, such a bullion being imported into India and sold by the Durbar in the market at their risk", it may be stated that this concession does not appear to be such a valuable one after all, from a political point of view, and one for which Mysore need feel particularly grateful to the Government of India.

1. The Committee on Indian Currency and Exchange recommended, in their Report to the Secretary of State, that the import and export of gold to and from India should be free from Government control as soon as the change in the statutory rates had been effected; also for some time past, action has been taken in India to reduce the premium on gold by regular Government sales of bullion to the public, and this measure is being further developed, in accordance with the Committee's recommendations. (please see the cuttings from the "Pioneer" herewith attached.)

It is true that the Secretary of State has not accepted the recommendation of the Committee with regard to the free import of gold into India, but has decided that the import should continue, for the present, to be controlled by license under the Gold Import Act with a fixed acquisition rate. There is, however, no doubt that the recommendations of the Committee are to be given effect to in their entirety as soon as the Secretary of State feels that he is

in a position to do so.

The permission, therefore, which Mysore has secured for the import of gold into India, is in conformity with the principles enunciated by the Committee, and with the declared policy and aim of the Government of India. Furthermore, the course which they have agreed to in the case of Mysore, is exactly what they are following themselves, and Mysore will only be helping them to effect a natural adjustment and to clear the path to legislation in reducing the premium on gold in this country. To have refused, what amounted after all to a very modest request, would have been an extra-ordinary procedure on the part of the Government of India, showing want of sympathy with Mysore in the financial difficulties which it finds itself, in consequence of the rise in the exchange in value of the rupee. According to Messrs. Montagu & Co's latest Bullion report, the time is approaching, if it has not actually arrived, when the external and internal ratio of the rupee to the sovereign might be made identical and, that "the bazaar price of gold would probably adjust itself in accordance". The sooner, therefore, Mysore can import gold bullion and sell it to the public the more chance it has of making some profit. Once the internal ratio is fixed at Rs 10/- to the sovereign, our chances of making a reasonable profit would be considerably reduced.

2. As regards the purely political aspect of the question, it may be stated that the Government of India do not say, (though the result, in this particular instance, so far as Mysore is concerned, the same) that the Mysore Government is exempted from

the operations of the Gold Import Act. They have merely granted us permission to import gold under a sort of license, under the provisions of that Act. There is possibly nothing in the Act to prevent them from showing a similar concession to a private individual. I am not sure therefore, that the opinion expressed in the Dewan's Submission Note that it is "a great point gained to have convinced the Government of India that imports of the Mysore Government cannot rightly be brought under the British Indian restrictive laws of the nature of the Gold Import Act" represents correctly ^{as the} the policy or the attitude of the Government of India towards Mysore in this particular matter, much less can it be true as a general statement of their policy towards Mysore in such or similar matters. There is nothing, so far as I can see, in the Residency letter, to justify the opinion expressed in the Note.

In short, it seems to me that the request of Mysore was so modest, and entailed no trouble of any sort to the Government of India, that they could not very well have refused it, nor can it be regarded as an extra-ordinary political privilege which the Government of India have conferred upon Mysore, in allowing it to import gold, under the conditions specified in the Residency letter.